

Factors Influencing the Development of Social Entrepreneurship in Bangladesh

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Abstract

Social entrepreneurship (SE) is a contemporary phenomenon of the socioeconomic development of a country. It refers to the creation of solutions of social problems through creating innovative ideas, increasing social value, and consistently pursuing new opportunities for the benefits of the society rather than private wealth creation. The main motives of social entrepreneurship are social welfare and value creation through the display of innovativeness, leadership, and risk management of the business. The aim of this study is to identify the factors affecting the development of social entrepreneurship in Bangladesh. It illustrates the context-specific nature of the phenomenon and derives implications for fostering the social entrepreneurship as a positive force for social and economic development. Several important factors, which contribute to the success of the social entrepreneurship, are social welfare and value, non-profit motives, knowledge, skills & experiences, innovative ideas, ethics, social network, leadership, local and governmental policies, institutional support, etc.

Key Words: Social Entrepreneurship, Determinants of Social Entrepreneurship, Social Innovations, Social Value, Social Business

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1. Background

Business can change a society substantially by developing the standard of living of the people of a country. However, there are some areas which are merely addressed by the business houses. Social business can address those areas. As such, social business entrepreneurship is very important now a day in the developing world where people have sufferings in the society. It refers to a non-loss and non-dividend business that is created to address the problems of the people of the society. It is financially self-sustainable as the profits realized by the businesses are reinvested in the business again and again to create more and more values for the society. The prime objective of this business is not only to generate profits but to solve the social problems by creating values for the people. It creates the solutions of social problems through creating innovative ideas to increase social value and consistently pursuing new opportunities for social benefits rather than private wealth creation. Social entrepreneurs hold themselves accountable to themselves and the society for achieving the social mission and use of resources wisely. They draw upon the best thinking in both the business and nonprofit organizations and operate in all kinds of organizations such as, large and small, new and old, religious and secular, non-profit and for-profit, etc. Business entrepreneurs generally measure their performances in terms of profit and return on investment but the social entrepreneurs take into account a positive return to society. Social entrepreneurship is commonly associated with the voluntary and not-for-profit sectors of the economy of a country. Profit can at times be a consideration for certain companies as they need to grow in future for providing more services to the society. Social entrepreneurs especially focus on transforming systems and practices that are the root causes of the poverty, marginalization, environmental deterioration and accompanying loss of human dignity. In so doing, they set up for-profit or not-for-profit organizations.

It is commonly perceived that the factors influence the development of social business entrepreneurship in Bangladesh are concerned with government tax exemption policy, problems created by local agencies to grab illegal money for approving the business site, political instability and the political preferences, lack of governmental financial support, complex government bureaucracy, people's perception towards social business initiative, lack of knowledge and experience of the entrepreneurs, lack of support of incubator organizations, etc. The initiatives are also related to social welfare and social value, non-profit motives, innovative ideas, ethics, social network, social leadership, etc.

Keeping this in mind, this study aims at indentifying the factors that influence the development of social entrepreneurship in the context of Bangladesh.

2. Social Entrepreneurship

The term social entrepreneurship (SE) describes sustainable ventures that combine “business principles with a passion for social impact” (Wolk, 2008). They strive to create social value as a primary organizational objective by employing business concepts to sustain their operations in pursuit of this objective (Weerawardena & Sullivan Mort, 2001). Dees (2001) identified a set of criteria to be used to determine whether the actions of an individual can be considered to be socially entrepreneurial.

Social entrepreneurs play the role of change agents by:

- adopting a mission to create and sustain social value (not just private value),
- recognizing and relentlessly pursuing new opportunities to serve that mission,
- engaging in a process of continuous innovation, adaptation, and learning,
- acting boldly without being limited by resources currently in hand, and
- exhibiting heightened accountability to the constituencies served and for the outcomes created. (Dees, 2001)

The Global Entrepreneurship Monitor (GEM) estimates that nearly half of the world's entrepreneurs are between the ages of 25 and 44. The survey also reports that, in all geographic regions surveyed, 25-34 year olds showed the highest rates of entrepreneurial activity. The Latin America/Caribbean and sub-Saharan African regions tend toward older entrepreneurs, with one-third falling into the 45-64 age range. In Europe, on the other hand, the non-EU economies report, on average, that half of the entrepreneurs are between 18-34 years of age. China was also distinct in claiming a high proportion of young entrepreneurs, with 57 percent between 18 and 34 years of age.

Social entrepreneurship is new phenomenon in Bangladesh and the world as well. The concept of social entrepreneurship has been initiated by *Professor Muhammad Yunus* Nobel Laureate of Bangladesh. Social entrepreneurship is commonly defined as “entrepreneurial activities with an embedded social purpose” (Austin, Stevenson, & Wei-Skillern, 2006). It has become an important economic phenomenon at a global scale now a day (Mair & Marti, 2006; Zahra et al. 2008). Some of the most remarkable social entrepreneurship innovations originated from developing countries and involve the deployment of new business models that address basic human needs such as, the provision of low cost surgeries to cure blindness or the deployment of sanitation systems in rural villages (Seelos & Mair, 2005; Elkington & Hartigan, 2008). It is a broad and diverse practical social change movement that deploys innovative business skills and technologies to address the needs of those living in poverty in a society. Social entrepreneurship refers to the practice of combining innovation, resourcefulness and opportunity to address critical social and environmental challenges. Social entrepreneurs focus on transforming systems and practices that are the root causes of poverty, marginalization, environmental deterioration and accompanying loss of human dignity. In so doing, they may set up for-profit or not-for-profit organizations, and in either case, their primary objective is to create sustainable systems change¹.

People who initiate social businesses are called social entrepreneurs². They are the individuals with innovative solutions to society's most pressing social problems. They are the people who are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps. Social entrepreneurs are people or organizations that use economic and technological innovation to achieve social goals. They use entrepreneurial skills to create organizations instead of seeking profit, pursue a more just and humane society. Social entrepreneurship addresses essential human needs of the poor, such as those described by the UN Millennium Development

¹ Skoll Centre for Social Entrepreneurship, University of Oxford,
<http://www.sbs.ox.ac.uk/centres/skoll/about/Pages/whatisse.aspx>

²Skoll Centre for Social Entrepreneurship, University of Oxford,
<http://www.sbs.ox.ac.uk/centres/skoll/about/Pages/whatisse.aspx>

Goals³. Social entrepreneurs are drivers of change. Together with institutions, networks, and communities, social entrepreneurs create solutions that are efficient, sustainable, transparent, and have measurable impact. A social entrepreneur can follow the examples such as (i) Muhammad Yunus' Grameen Bank which spearheaded microfinance globally (ii) Carlo Petrini's "slow food movement" which currently has 100,000 member in 132 countries committed to rescuing cultural traditions and the preserving biodiversity (iii) Wendy Kopp's Teach for America which transforms educational opportunities for low income groups whilst recruiting top university students to work in America's worst performing public schools. Social entrepreneurs are united by their ability to (i) adopt a mission to create and sustain social value (not just commercial value) (ii) recognize and relentlessly pursue new opportunities to serve that mission (iii) engage in a process of continuous innovation, adaptation, and learning (iv) act boldly without being limited by resources currently in hand, and (v) exhibit a heightened sense of accountability to the constituencies served and for the outcomes created (From "The Meaning of Social Entrepreneurship" Greg Dees, 1998).

Keeping these in mind, this study identifies the factors that help to develop the social entrepreneurship in Bangladesh. This paper also analyzed three cases which are involved in social entrepreneurship development activities.

3. Social Business

In business, profit seeking enterprises and social welfare maximizing enterprises can coexist. Social business grows financially and gains profits along with social benefit maximizing motive. A social business is a non-loss, non-dividend company designed to address a social objective within the highly regulated marketplace of today. It is distinct from a non-profit business because the business should seek to generate a modest profit but this will be used to expand the company's reach, improve the product or service or in other ways to subsidize the social mission.⁴ A social business is driven to bring about social change while pursuing sustainability. It can bring this change by utilizing and using new or existing process and innovative ideas. Social businesses implement social technologies, strategies and processes that span across their entire enterprise, creating and optimizing collaborative ecosystems of employees, customers, partners, suppliers, communities and stakeholders in a safe and consistent way.⁵ From a strictly profit-maximizing perspective, Social Business seems inappropriate to obtain a goal other than profit. As the main aim of social business is to achieve certain social and environmental goals, a social business can be understood as a business-pursuing non-profit organization which is financially self-sufficient. In Yunus' book *Creating a World without Poverty—Social Business and the Future of Capitalism*, two different types of social businesses are proposed:

- **Type I** social business focuses on providing a product and/or service with a specific social, ethical or environmental goal. A prominent example is Grameen Danone.
- **Type II** social business is a profit-oriented business that is owned by the poor or other underprivileged parts of the society, who can gain through receiving direct dividends

³ What-is-Social-Entrepreneurship, Santa Clara University, 2002, <http://www.scu.edu/socialbenefit/education/GSB-Fellows/What-is-Social-Entrepreneurship.cfm>

⁴ Compiled from the book of Professor Dr. Yunus "Creating a world without poverty—Social Business and the future of capitalism and Building Social Business" retrieved from http://en.wikipedia.org/wiki/Social_business, on 16th July 2013.

⁵ What-is-social-business, retrieved from <http://www.business2community.com/social-media/what-is-social-business-a-clear-definition-0157881>, on 19th July 2013

or by indirect benefits. Grameen Bank, being owned by the poor, is the prime example of this type.

Social Business is the ability of the organization to use its communities to improve performance. Social business would be the ability for individual or a group to use his or its communities to do a job better as they come from different angles and situations. However, in most contexts, social business refers to improving the results for the business or organization as a whole. Organizations operate their business into several communities. Communities could be the communities that exist in and around an organization. These communities include customers or members, prospects, employees, channel partners, supplier's volunteers, product partners and consultants, analysts and media, donors, conference attendees, user groups, chapters, grassroots supporters. Social Business performance can be addressed with the wide array of goals that an organization can have at any given time. Some examples of performance indicators are improving brand perception, finding new customers, passing favorable legislation, improving customer satisfaction while reducing support costs, increasing customer retention and repeat business.

In short, Professor Yunus indicated seven principles to define and categorize a business as Social Business⁶

- (i) Objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization
- (ii) Financial and economic sustainability
- (iii) Investors get back their investment amount only; no dividend is given beyond investment money
- (iv) When investment amount is paid back, company profit stays with the company for expansion and improvement
- (v) environmentally conscious
- (vi) Workforce gets market wage with better working conditions
- (vii) Do it with joy

Based on above discussions, the following characteristics might be identified from the social business:

- **Social and Environmental Mission:** The social enterprise community agrees that the primary aim of all social business must be a social or environmental one. We can't prescribe what constitutes a social or environmental mission. Creating a list of 'approved' social missions would limit the very entrepreneurial spirit we want to encourage and make us closed off to the future.
- **Non Profit Motive:** The first aim of social business is to achieve the social objective in a financially sustainable way. It should not give up social objective to make profit beyond sustainability. Making profit without sacrificing social objective is welcomed. Social businesses should not give dividends to the investors, all the profit is reinvested in the company for expansion and improving the quality of the product or service.

⁶ Compiled from the book of Professor Dr. Yunus "*Creating a world without poverty—Social Business and the future of capitalism and Building Social Business*" retrieved from http://en.wikipedia.org/wiki/Social_business, on 16th July 2013.

- **Autonomous Organizations:** Social Businesses are autonomous organizations. However, some social enterprises are also included here which are on a journey to independence. For example, where social enterprises spin-out from the public sector, the social enterprise may operate at arm's length from the public body for a transitional period of time while it establishes itself. We believe that when this occurs it must be for a specified transitional period.
- **Investor of Social Business:** Social business is based on the intrinsic desire of self-sacrifice that resides in all human being for the promotion of well-being of its own species, all living beings, and the planet. Given opportunity, most people who can afford it will choose to invest in social business. In addition, institutions, foundations, businesses, governments, donors agencies, any entity which is involved in investment or charity will invest in social business
- **Social Business is Non NGO:** An NGO is a voluntary, non-profit organization that operates, contributes to, or participates in, various projects on education, training or other humanitarian, progressive, or watchdog activities. They usually collect donations for running programs for disadvantaged or distressed people. The difference is that NGOs operate on donations, whereas a social business is a self-sustaining business. Some important phenomena of social entrepreneurship are discussed in the table.

Table 1 Some Important Phenomena of Social Entrepreneurship

Phenomenon	Descriptions	Key Authors
Entrepreneurial non-profit organizations	Non-profit organizations that engage in commercial activities to create an income stream and enhance financial sustainability.	(Fowler, 2000; Frumkin, 2002; Boschee, 2001; Mair and Marti, 2004; Sharir and Lerner, (2006; Vega and Kidwell, 2007; Pomerantz, 2003)
New Opportunities & Innovations	Innovations can lead to the entrepreneurs where opportunities are needed to be succeeded. This innovation can appear under multiple forms, – for instance on how entrepreneurs structure plans, the way they fund their venture – but in the end it will be always present on entrepreneurs paths. Most of the times the innovation needed on the side of social entrepreneurship have to do with simple things that just need to be put into practice.	(Almeida, 2010; Dees, 1998; Martin and Osberg, 2007; Sharir and Lerner, 2006; Zahra et al., 2009; Mahboob & Moinul, 2012; Mort, Weerawardena, & Carnegie, 2002; Seelos & Mair, 2005; Henton et al., 1997)
Social Welfare & Value	Entrepreneurship is particularly productive from a social welfare perspective when, in the process of pursuing selfish ends, entrepreneurs also enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity	Alvord, Brown and Letts, 2004; Dees, 1998, 2007; Sharir and Lerner, 2006; Vega and Kidwell, 2007; Zahra et al., 2009; Holt, 1992; Touboul & Roulet, 2005; Mort, Weerawardena, & Carnegie, 2002; Hibbert, Hogg et al., 2002)
Leadership	Leadership on social entrepreneurship	(Holt, 1992; Almeida, 2010;

	grounds contemplates everything but the common definition of a leader. This leads to a sense of collective purpose among the social entrepreneurs and also causes others to join the initiative	Boschee, 2001; Drayton, Touboul & Roulet, 2005; 2002; Martin and Osberg, 2007; Sharir and Lerner, 2006; Zahra et al., 2009; Mahboob & Moinul, 2012; Henton et al., 1997)
Knowledge, Skill & Experience	Management skills are important but when dealing with the commercial challenges there is an urge on expertise, experience, and knowledge – abilities and know-how are traditionally on the side of the business sector and experiences are important for facing challenge. The competencies, experiences and knowledge that are put together to make an important dimension.	Alvord, Brown and Letts, 2004; Dees, 1998; Boschee, 2001; Klyver et al., 2008; Touboul & Roulet, 2005; Seelos & Mair, 2005; Henton et al., 1997)
Uncertainty & Risk Management	The social entrepreneur is “responsive to and constrained by environmental dynamics” and “strives to achieve social value creation through the display of innovativeness, pro-activeness and risk management”.	Boschee, 2001; Weerawardena and Mort, 2006; Holt, 1992; Mahboob & Moinul, 2012; Mort, Weerawardena, & Carnegie, 2002)
Ability and Willingness	The ability and willingness of the social entrepreneur are important for seeking and pursuing to create that added value on the social side to both existing and potential clients	Martin and Osberg, 2007; Sharir and Lerner, 2006; Holt, 1992; Mahboob & Moinul, 2012; Touboul & Roulet, 2005; Mort, Weerawardena, & Carnegie, 2002)
Funding & Resources	The seeking of financial self-sustainability by social entrepreneurs for their projects is important to start the business. Leaders of social ventures look to self-sustainability funding, in a more commercial style, with the belief that market based revenues can be easier to grow and more trustable than philanthropic funding	Almeida, 2010; Alvord, Brown and Letts, 2004; Dees, 1998; Sharir and Lerner, 2006; Touboul & Roulet, 2005)
Community Entrepreneurship	The community is the entrepreneurial actor and beneficiary. E.g., a village engaging in fair trade coffee farming and selling.	(Peredo and Chrisman, 2006; Johannisson and Nilsson, 1989)
Social Change Agents	Individuals who alter public perceptions about (specific) social issues. Examples range from John Elkington, the founder of sustainability, to Bono, of the group U2. Entrepreneurship is a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.	(Waddock and Post, 1991; Drayton, 2002)
Institutional	Individuals or organizations that alter	(Mair and Martí, 2009)

Entrepreneurs	social arrangements and the institutional fabric hampering development. Institutional entrepreneurs are actors who have an interest in modifying institutional structures or in creating new ones, and who leverage resources to create new institutions or transform existing ones	
Social Ventures	Business ventures that provide a product or service that creates social or environmental benefit, such as the production and distribution of biodegradable water bottles.	(Dorado 2006; Sharir and Lerner, 2006)
Social Enterprise	The private organizations dedicated to solving social problems, serving the disadvantaged and providing socially important goods that were not, in their judgment, adequately provided by public agencies or private markets. Organizational forms following principles of cooperatives.	(Borzaga and Defourny, 2001)
Social Innovation	Innovation understood broadly and including processes and technology for the social good.	(Alvord, Brown and Letts, 2004; Phills, Deiglmeier and Miller, 2008)

Compiled from Johanna Mair, (2010)

4. Importance of Social Business Entrepreneurship

Social entrepreneurship plays a very important role in economic and social development of a country because just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better.⁷ While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale. Business entrepreneurs typically measure performance in profit and return, but social entrepreneurs also take into account a positive return to society. Social entrepreneurship typically furthers broad social, cultural, and environmental goals and is commonly associated with the voluntary and not-for-profit sectors (Thompson, 2002). Profit can at times also be a consideration for certain companies or other enterprises. Bill Drayton, CEO, chair and founder of Ashoka said that social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry. David Bornstein, author of *How to Change the World: Social Entrepreneurs and the Power of New Ideas*, said "Social entrepreneurs identify resources where people only see problems. They view the villagers as the solution, not the passive beneficiary. They begin with the assumption of competence and unleash resources in the communities they're serving⁸." Although social entrepreneurs usually start with small, local efforts, they often target problems that have a local expression but global relevance, such as access to water,

⁷ Ashoka Innovators for the Public, retrieved from https://www.ashoka.org/social_entrepreneur on March 20, 2013

⁸ The New Heroes, 2010, <http://www.pbs.org/opb/thenewheroes/whatis/>

promoting small-business creation and waste management. The innovative solutions that social entrepreneurs validate in their local context often get replicated in other geographies and can spawn new global industries (Zahra et al., 2008).

Social entrepreneurs are derived from the integration of these two concepts – entrepreneurship and social aspect (Mair et al., 2006; Martin et al., 2007). Social entrepreneurship has also been called the simultaneous pursuit of economic, social, and environmental goals by enterprising ventures (Haugh, 2007). Therefore, social entrepreneurship as the generation of earned income by ventures in the pursuit of social outcomes (Bosch, 2001). Social entrepreneurship is commonly seen as a hybrid that combines elements of commercial entrepreneurship and social sector organizations (Dees, 2001). The concept of social entrepreneurship has thus become a large tent (Martin et al., 2007) where many different activities are finding a home under a broad umbrella of “activities and processes to enhance social wealth” (Zahra et al., 2008) or “entrepreneurship with a social purpose” (Austin et al., 2006). The Global Entrepreneurship Monitor (GEM, 2012) Global Report estimates that nearly half of the world's entrepreneurs are between the ages of 25 and 44. The survey also reports that, in all geographic regions surveyed, 25-34 year olds showed the highest rates of entrepreneurial activity (GEM, 2012)⁹. Entrepreneurship ventures may also vary in the extent of focus on social and commercial goals. GEM shows four categories of Social Entrepreneurship ventures¹⁰:

- (1) Pure social entrepreneurial activity (where the individual launches or runs a social organization that has no commercial activities);
- (2) Pure commercial entrepreneurial activity (where the individual launches or runs a commercial organization that has no particular social goals);
- (3) Overlapping social and commercial entrepreneurial activity (where the individual launches or runs one and the same organization that is both commercial and social in nature); and
- (4) Simultaneous social and commercial entrepreneurial activity (where the individual launches or runs both a social and commercial organization which are different entities).

Social entrepreneurship is thus having profound implications in the economic system: creating new industries, validating new business models, and allocating resources to neglected societal problems (Santos et al, 2009). Social entrepreneurs are beneficial for the following areas¹¹: (i) entrepreneurship as a good career choice and the belief that it is a high status choice, or one that receives media recognition, varied among cultures and regions. There were high rankings for these attitudes in the Latin America/Caribbean, Middle East/North Africa (MENA), and sub-Saharan Africa regions, (ii) European Union (EU) attitudes were lower. Only half of the respondents agreed that entrepreneurship was a good career choice and received positive media attention still, two-thirds think of entrepreneurship as a high-status profession.

⁹ GEM, 2012, <http://www.esan.edu.pe/sala-de-prensa/2013/01/the-global-entrepreneurship-monitor-gem-2012-global-report/>

¹⁰ GEM, 2009, Report on Social Entrepreneurship, <http://www.gemconsortium.org/docs/376/gem-report-on-social-entrepreneurship-executive-summary>

¹¹ GEM, 2012, <http://www.esan.edu.pe/sala-de-prensa/2013/01/the-global-entrepreneurship-monitor-gem-2012-global-report/>

5. Activities of Social Entrepreneurs

Social entrepreneurs (SEs) create new organizations, new markets, and new ways of thinking and behaving in solidarity with poor communities to provide basic services, such as renewable energy, clean water, health care technologies, education, and access to financial services. Social entrepreneurs devise highly affordable products and services that can be bought by people living on a few dollars a day, and create businesses that can distribute these to poor communities. Many SEs come from the communities that they serve. Some SEs work with women and their specific socio-economic needs (Dees, J. G. (1998). However, to do the activities perfectly, social entrepreneurs should follow the following key aspects ¹²: (i) sociality - a context, process and/or set of outputs that are for public benefit, (ii) innovation - the creation of new ideas and models that address social or environmental issues This can be manifested in three ways: a new product or service (institutional innovation); the use of existing goods and services in new, more socially productive ways (incremental innovation); and/or the reframing of norms to redefine social problems and suggest new solutions (disruptive innovation), (iii) market orientation - the performance-driven, competitive, outlook that drives greater accountability and co-operation across sectors. Market-orientation can include anything from conventional competitive markets to the exchange of social and/or environmental value.

6. Methodology of the Study

This is an exploratory research that identifies the factors that have influence on the development of social entrepreneurship in Bangladesh. The factors are identified through literature review and then those were tested among the entrepreneurs who are operating their businesses in producing and rendering services in the social areas of business. Three renowned organizations were included in this study as those are heavily involved in the social business. The organizations are: Bangladesh Rehabilitation Assistance Committee (BRAC), Association for Social Advancement (ASA) and Grameen Bank. The data were analyzed by using descriptive statistics.

7. Social Entrepreneurship in Bangladesh

7.1 The BRAC ¹³

BRAC was set up in 1972 by *Fazle Hasan Abed* as a small scale relief and rehabilitation project aimed at repairing some of the devastation caused by Bangladesh's war of liberation. By 1974, however, the multitude of social problems led BRAC to adopt a new strategy of integrated development based on the twin objectives of poverty alleviation and empowerment of the poor, with a focus on institution building to bring the rural poor into the mainstream of development. Thirty years later, BRAC's outreach covered 78 percent of the country's villages and it employed more than 93,000 people, making it the nation's second-largest employer after the government.

BRAC has created over six million jobs in various economic sectors and its core programs span four basic areas: economic development; education; health; and social development,

¹²Skoll Centre for Social Entrepreneurship, University of Oxford,
<http://www.sbs.ox.ac.uk/centres/skoll/about/Pages/whatisse2.aspx>

¹³ Social Entrepreneurship, Palgrave, 2006,
http://www.academia.edu/960701/Social_Entrepreneurship_Palgrave_2006

human rights and legal services. BRAC's Economic Development Program has so far incorporated more than five million poor and landless people, mostly women, into 164,107 village organizations.

The BRAC has inaugurated its organization towards a non-profit organization with an intense to help the victims of liberation war 1971. The organization also works for the poverty alleviation and empowerment of the poor since the inauguration without profit making intension. The BRAC holds the opportunities to bring the rural poor into the mainstream of development by providing microcredit and motivating the poor rural people to be self dependent BRAC like has so far incorporated more than five million poor and landless people, mostly women. It is also working for the social welfare through creating huge job opportunities and expended its core programs span four basic areas: economic development; education; health; and social development, human rights and legal services. The key person of BRAC, Fazle Hasan Abed, has profound leadership skills to lead the plan for the development the ultimate poor people of the country. Knowledge, Skill & Experience in the social entrepreneurship is vital to success, because the knowledge Fazle Hasan Abed helped him to lead the plan in the right way and Skill & Experience helped to make the better decision of the entrepreneurship program. The social entrepreneur must confront with uncertainty and risk in the social business like sometimes the business may not create a center of attention to the poor people, the policy may be the contradictory with the culture and governmental policy. The ability and the intention to do some social welfare is an important factor for the success in the social entrepreneurship. BRAC, a non-profit organization, has significance to alleviate the poverty from the country and it is also working with the poor people and trying to develop the poor economic status of the rural people particularly women.

7.2 The ASA¹⁴

ASA was founded in 1978 with a focus on consciousness raising, group development and training among the rural poor. It was a phase to establish a “Just Society” creating an enabling environment for the underprivileged community. Activists, like ASA’s President *Md. Shafiqul Haque Choudhury*, who were already working for NGOs founded ASA with assistance of compatible development practitioners. They were dissatisfied with the approach of the then NGOs and wanted a more radical, people-centered activities. So, they decided to create an alternative by establishing a new NGO – ASA.

Microfinance has a beguiling simplicity and a record of success not just in promoting financial resilience but in achieving other social objectives – reaching the excluded, empowering women and developing the capacity of small groups of people to take control of their own lives.

Being a non-profit organization, ASA realized the significance of Microfinance addressing the lack of access in capital for the underprivileged community and thereby in later transformed itself as an operator of Microfinance in Bangladesh. Now, ASA has emerged as one of the largest and most efficient Microfinance Institution (MFI) in the world and has been working relentlessly to assist the poor since its inception in 1978. The major drive behind ASA is to gradually eradicate poverty from society.

¹⁴ ASA Overview, retrieved from http://asa.org.bd/?page_id=25, retrieved on 18 March 2013

During its early years, ASA undertook various development programs like awareness building for social action, training local birth attendants, capacity building of journalists, etc. In the mid-80's it introduced new programs working in the sector of health and nutrition, education, sanitation, etc. It was at this stage that ASA introduced microcredit as a pilot project. From its hands on experience in the field, and by evaluating the impact of development assistance, ASA realized that financial solvency, to a great extent, is what the poor need to bringing positive changes in their lives. In 1992, this paradigm shift led ASA to focus solely on microfinance as its tool in fighting poverty.

ASA wanted to evolve its operations to become self-reliant and move away from depending on donor funding and grants – ASA's Microfinance Model gradually transformed itself to become the globally renowned "ASA Cost-effective and Sustainable Microfinance Model." Following this model, ASA became self-sustainable within a short span of time and the organization declared itself a "donor free MFI" in 2001.

This model, that has been practiced and perfected in the field by ASA, has proven effective in making a branch self-reliant within 12 months. Any MFI that adopts this model for operations becomes sustainable within the shortest possible time. It has been adopted by many MFIs around the world to get result within the shortest possible time. As of December 2011, ASA has successfully extended its outreach in Bangladesh through 3,154 branches and its 21,422 staff works relentlessly to serve more than 4.94 million clients.

Being a non-profit organization, ASA realized the significance of Microfinance addressing the lack of access in capital for the underprivileged community. Reaching the excluded, empowering women and developing the capacity of small groups of people to take control of their own lives, ASA is working to help the poor people to be self dependent. The innovations of the ASA's Microfinance Model gradually transformed itself to become the globally renowned "ASA Cost-effective and Sustainable Microfinance Model. ASA is working to create the social welfare and values by efficient Microfinance Institution (MFI) and working relentlessly to assist the poor since its inception in 1978. The visionary of Md. Shafiqul Haque Choudhury has become succeed through the innovative leadership skill, knowledge and experience in the NGO. The willingness is important for the creation of a social entrepreneurship, like the major drive behind ASA is to gradually eradicate poverty from society and it has able to create it through serving more than 4.94 million clients.

7.3 The Grameen Bank

One well-known contemporary social entrepreneur is *Muhammad Yunus*, founder and manager of Grameen Bank (establish in 1983) and its growing family of social venture businesses. The work of Yunus and Grameen echoes a theme among modern day social entrepreneurs that emphasizes the enormous synergies and benefits when business principles are unified with social ventures.¹⁵

He had discovered that entrepreneurship was by no means a rare quality among poor people but that traditional banks refused to grant loans without collateral. Grameen Bank now gives loans to over 7.5 million poor people-97 percent of whom are women which help the poor lift themselves out of poverty: 68 percent of the families of Grameen Bank borrowers have crossed the poverty line. The Grameen Group's on-going experience (over almost 30 years)

¹⁵ "Business-Social Ventures Reaching for Major Impact". Changemakers. 11-2003. Archived from the original on 2006-06-14. Retrieved 2006-11-03, <http://www.changemakers.net/journal/03november/index.cfm>

of building firms whose purpose is to alleviate poverty has led to the emergence of the concept of 'social business', which can be viewed as still being under construction.¹⁶

Muhammad Yunus is the founder and managing director of the Grameen Bank. With the lead of him the program of Grameen Bank was started in Jobra, a village close to Chittagong University) and some of the nearby villages during 1976-1979. With the support of the central bank of the country and support of the nationalized commercial banks, the project was widened to Tangail district in 1979. With the achievement in Tangail, the project was extended to quite a few other districts in the country. In 1983 he formed the Grameen Bank; this bank was founded on principles of faith, hope and togetherness.

The Grameen Bank is based on the voluntary formation of small groups of five people to provide mutual, morally binding group guarantees in lieu of the collateral required by conventional banks. At first only two members of a group are allowed to apply for a loan. Depending on their performance in repayment the next two borrowers can then apply and, subsequently, the fifth member as well. The assumption is that if individual borrowers are given access to credit, they will be able to identify and engage in viable income-generating activities - simple processing such as paddy husking, lime-making, manufacturing such as pottery, weaving, and garment sewing, storage and marketing and transport services. Women were initially given equal access to the schemes, and proved not only reliable borrowers but astute entrepreneurs. As of July, 2007, Grameen bank is having 7.24 million borrowers (97 percent of whom are women). With the help of its 2452 branches, Grameen Bank provides services in 79,152 villages, covering more than 94 percent of the total villages in Bangladesh. Loan recovery rate in this bank is 98% that is higher than any other banking system. Grameen Bank model is now well appreciated all over the world and it was applied in projects in 58 countries (including the US, Canada, France, The Netherlands and Norway) in the world. Dr. Yunus led the world's first Micro Credit Summit in Washington, DC in 1997.¹⁷

Grameen Bank started its operation with the intention of non-profit organization in 1983 after the some pilot project. The organization has intention to alleviate poverty from the poor people particularly women. The founder, Prof. Muhammad Yunus, has innovated the concept of 'social businesses. Unlike the commercial banks, the Grameen Bank provided the opportunity to the poor people to take loan without collateral. The Grameen Bank works for the social welfare by providing the loan to the poor where 97% of the clients are women. The leadership skill of Prof. Yunus has shown that the poverty can be eradicated in social entrepreneurs have ability so do. The creative leadership skills of Prof. Yunus have been able to show the 68 percent of the families of Grameen Bank borrowers have crossed the poverty line. As knowledge, skills and experiences can show the right path for better decision making so Prof. Yunus has shown the creative idea of business social for making contributing to the society. The Grameen Bank has recently been facing some uncertainty and risk from the government policy and the Prof. Yunus also, but with the dynamic skills and expertise of the personnel the bank can solve any obstacles.

¹⁶ Muhammad Yunus, Bertrand Moingeon and Laurence Lehmann-Ortega, Building Social Business Models: Lessons from the Grameen Experience, 2010, Long Range Planning 43 (2010) 308e325, <http://www.elsevier.com/locate/lrp>,

¹⁷ Compiled from Mahboob D. H., & Moinul, H., 2012, Social Entrepreneurs in Bangladesh, International Journal of Research in Commerce, It & Management, Volume No. 2 (2012), Issue No. 9 (September).

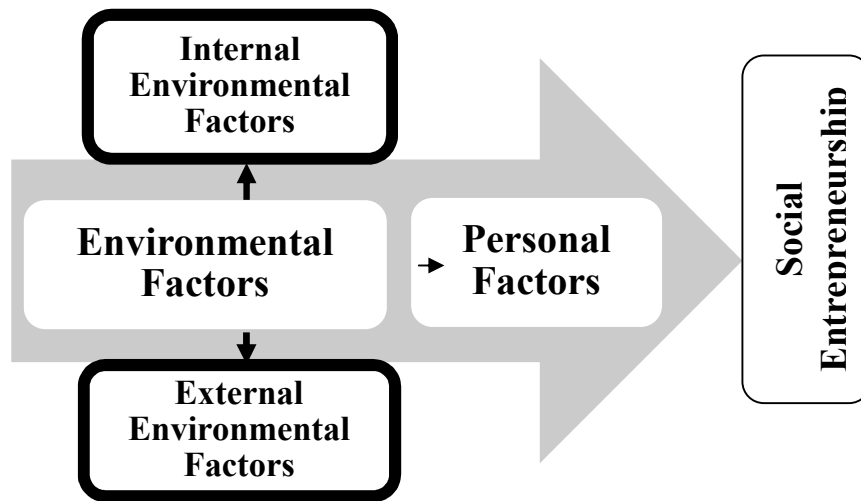


Figure 1: Success Factors of Social Entrepreneurship

The major determinants of social entrepreneurship have been concentrated to the two major factors like *1.Environmental Factors* and *2.Personal Factor*. The environmental factors can be further classified into internal and external factors, where internal factors are the factors which are within the organization and the external factors are the factors which comes from the outside the organization and affects the social business. The personal factors are the factors which lead a person towards the social business and motivate a person to contribute for the society.

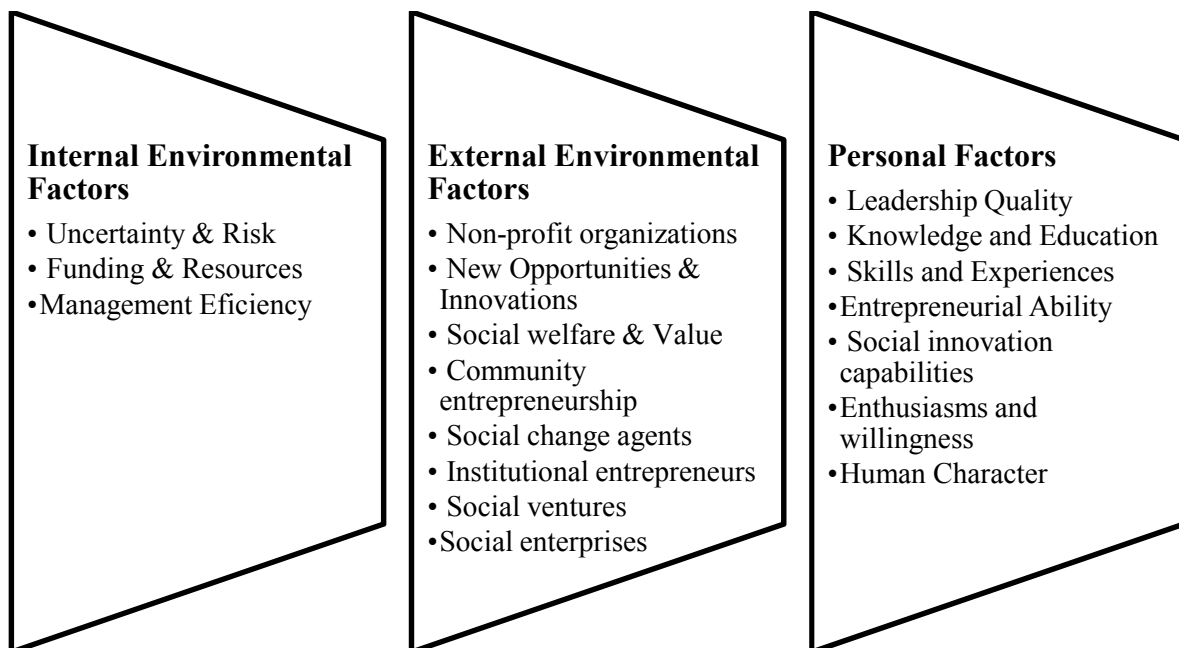


Figure 2: Determinants Social Entrepreneurship

8. Conclusions and Recommendations

Global Entrepreneurship Monitor (GEM) researchers offer several guidelines for policy makers, entrepreneurs, and academics to help them build entrepreneurial eco-systems that enable entrepreneurship to flourish in every world economy¹⁸.

- Develop policies to promote societal attitude changes about women; and that train, support and encourage women entrepreneurs.
- Create special entrepreneurial support tools and programs for entrepreneurs of different ages.
- Re-engage former entrepreneurs and leverage their wealth of experience in mentoring new entrepreneurs.
- Implement policies to encourage youth entrepreneurship, especially in high unemployment regions.
- Encourage national and global efforts to improve entrepreneurship education in primary and secondary schools.
- Help economies to recognize the value and globalizing the business environment.
- Urge governments to enforce a strong rule of law to maintain the quality of entrepreneurial entries. GEM also stresses the importance of developing legal frameworks in which entrepreneurship can thrive.

From the above case analysis, we have identified some key factors to determine the development of entrepreneurial social business in Bangladesh such as New Opportunities & Innovations, Social Welfare & Value, Leadership, Knowledge, Skill & Experience, Ability and Willingness, Funding & Resources, etc.

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¹⁸ GEM, 2012, <http://www.esan.edu.pe/sala-de-prensa/2013/01/the-global-entrepreneurship-monitor-gem-2012-global-report/>

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